

R.06-03-004



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for the California Solar Initiative,
the Self-Generation Incentive Program and Other
Distributed Generation Issues.

RULEMAKING 06-03-004
(Filed March 2, 2006)

Motion of the California Center for Sustainable Energy Seeking Eligibility of All New Construction for the Solar Water Heating Pilot Program

California Center for Sustainable Energy

February 28, 2008

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of All New Construction for the Solar Water Heating Pilot Program**

I. INTRODUCTION

In accordance with Rule 11.1 of the California Public Utilities Commission's (Commission's) Rules of Practice and Procedure, the California Center for Sustainable Energy (CCSE), formerly known as the San Diego Regional Energy Office (SDREO), as the Program Administrator of the Solar Water Heating Pilot Program (SWHPP), respectfully submits this motion seeking eligibility of all new construction for the SWHPP. In the alternative, we respectfully seek a declaration that new construction in the case of survivors of the October 2007 wildfires is replacement of existing natural gas or electric water heaters or boilers, allowing their participation in the SWHPP.

As per the *Assigned Commissioner's and Administrative Law Judge's Ruling Approving Solar Water Heating Pilot Program*, the SWHPP "is designed to provide rebates to residential and non-residential customers of SDG&E who install qualifying solar water heating systems that offset energy used by an *existing* natural gas or electric water heater or boiler."¹ (Emphasis added). This requirement of "an existing natural gas or electric water or boiler" merely implies that new construction is excluded. CCSE thus seeks eligibility of all new construction for the SWHPP for the following reasons:

¹ *Assigned Commissioner's and Administrative Law Judge's Ruling Approving Solar Water Heating Pilot Program*, February 15, 2007, page 2

- New construction has not been explicitly excluded from participation in the SWHPP;
- Commercial new construction should be eligible to participate in the SWHPP to create parity with the current California Solar Initiative (CSI) photovoltaics (PV) program; and
- Expanding SWHPP eligibility to new construction will maintain, if not enhance, the desired effect of saving natural gas and electricity, as well as increase participation in the SWHPP and improve cost effectiveness of system installation.

In the alternative, we respectfully seek a declaration that new construction in the case of survivors of the October 2007 wildfires is replacement of existing natural gas or electric water heaters or boilers, allowing their participation in the SWHPP.

II. WE RESPECTFULLY SEEK ELIGIBILITY OF ALL NEW CONSTRUCTION FOR THE SWHPP.

A. New construction has not been explicitly excluded from participation in the SWHPP.

As per the *Assigned Commissioner's and Administrative Law Judge's Ruling Approving Solar Water Heating Pilot Program* (Ruling), the SWHPP "is designed to provide rebates to residential and non-residential customers of SDG&E who install qualifying solar water heating systems that offset energy used by an *existing* natural gas or electric water heater or boiler."² (Emphasis added). While this requirement of "an existing natural gas or electric water or boiler" implies that new construction is excluded from participation in the Pilot Program, new construction has not been explicitly excluded by the Ruling.

Similarly, the language in the Program Description does not specifically exclude new construction, but the requirement of an existing water heater or boiler implies that new construction is excluded. As per the Program Description, the SWHPP "will provide rebates to residential and

² *Assigned Commissioner's and Administrative Law Judge's Ruling Approving Solar Water Heating Pilot Program*, February 15, 2007, page 2

non-residential customers who install qualifying solar water heating systems that offset energy used by an *existing* natural gas or electric water heater or boiler.”³ (Emphasis added.) The Program Description goes further to state, “[r]esidential, commercial and industrial SWH systems that offset energy used by an *existing* natural gas or electric water heater or boiler are eligible.”⁴ (Emphasis added.)

Given that these documents do not specifically exclude new construction from participation in the SWHPP, and that the exclusion is merely implied due to the requirement of an existing water heater or boiler, eligibility to participate in the SWHPP should be opened to new construction.

B. Commercial new construction should be eligible to participate in the SWHPP to create parity with the current CSI PV program.

Presently, commercial new construction is eligible to participate in the CSI PV program but not necessarily in the SWHPP. In order to create parity with the current CSI PV program, commercial new construction should be allowed to participate in the SWHPP.

Section 1.1 of the California Solar Initiative Program Handbook indicates that the CSI PV program “manages solar PV incentives for...all new commercial building types, including (but not limited to) industrial, agricultural, government (including schools and municipal entities), and non-profit buildings.”⁵ However, the requirement of an existing water heater or boiler for participation in the SWHPP implies that new construction is excluded from participation.

Opening eligibility for the SWHPP to commercial new construction would create parity with the current CSI PV program, allowing for greater uniformity between the two programs. In addition, opening eligibility to commercial new construction would help to reduce any confusion for potential participants as to which building uses are eligible to participate in each program.

³ *California Solar Initiative Solar Water Heating Pilot Program Description*, April 13, 2007, page 5.

⁴ *California Solar Initiative Solar Water Heating Pilot Program Description*, April 13, 2007, page 11.

⁵ *California Solar Initiative Program Handbook*, January 2008, page 3.

C. Expanding SWHPP eligibility to new construction will maintain, if not enhance, the desired effect of saving natural gas and electricity, as well as increase participation in the SWHPP and improve cost effectiveness of system installation.

Solar water heating systems “can reduce demand for expensive natural gas”⁶, as well as save electricity, both desired effects of the SWHPP. Expanding SWHPP eligibility to new construction will maintain, if not enhance, this desired effect of saving natural gas and electricity. Additionally, it is anticipated that expanding SWHPP eligibility to new construction will increase participation in the program, as well as improve cost effectiveness of solar water heating system installation.

Assembly Bill (AB) 1470 sets the framework for the creation of a future statewide incentive program for solar water heating systems that displace natural gas, pending the outcome of the current pilot program. The SWHPP will be evaluated, and this evaluation will be used as part of the Commission’s consideration for AB 1470 implementation. Thus, we would like to see the broadest possible participation, so that the program evaluation can generate lessons from all relevant sectors of the market, thus best informing any future statewide incentive program for solar water heating systems. Expanding eligibility for the SWHPP to new construction will increase participation in the program, increasing its chance of success.

We note that should the Commission affirm eligibility of new construction for the SWHPP, all requests for SWHPP incentives for new construction will still need to meet the SWHPP timeline, i.e., incentives must be reserved by December 31, 2008. However, we respectfully request that the reservation period for new construction systems be extended an additional three (3) months, providing for a reservation period of six (6) months, rather than three (3) months.⁷ This will allow for these systems to meet the final SWHPP deadline of June 2009.

⁶ R.04-03-017, Decision 06-01-024, *Interim Order Adopting Policies and Funding for the California Solar Initiative*, January 12, 2006, page 13.

⁷ *Solar Water Heating Pilot Program Handbook*, January 11, 2007, Section 4.2, page 14.

III. IN THE ALTERNATIVE, WE RESPECTFULLY SEEK A DECLARATION THAT NEW CONSTRUCTION IN THE CASE OF SURVIVORS OF THE OCTOBER 2007 WILDFIRES IS REPLACEMENT OF EXISTING NATURAL GAS OR ELECTRIC WATER HEATERS OR BOILERS, ALLOWING FOR THEIR PARTICIPATION IN THE SWHPP.

If, in the Commission's view, eligibility of all new construction for the SWHPP is not practicable, then in the alternative, we seek a declaration that new construction in the case of survivors of the October 2007 wildfires is replacement of existing natural gas or electric water heaters or boilers, allowing their participation in the SWHPP.

The SWHPP "is designed to provide rebates to residential and non-residential customers of SDG&E who install qualifying solar water heating systems that offset energy used by an *existing* natural gas or electric water heater or boiler."⁸ (Emphasis added.) Moreover, Section 2.1 of the SWHPP Handbook states, "[a]s a condition of participation and in order to receive incentives, customers will be required to make available their SDG&E billing data for a minimum of 12 months pre-installation and 12 months post-installation."⁹ While survivors of the October 2007 wildfires meet this eligibility requirement of having twelve (12) months of billing history, they technically are not replacing *existing* water heaters or boilers because their existing water heaters or boilers were destroyed by fire. Given that the survivors of the October 2007 wildfires are able to provide their SDG&E billing data for a minimum of twelve (12) months pre-installation, we seek a declaration that new construction in the case of a survivor of the October 2007 wildfires is replacing an existing water heater or boiler, thus meeting the intended design of the SWHPP and allowing for the participation of the survivors of the October 2007 wildfires in the SWHPP.

Should the Commission allow the participation of the survivors of the October 2007 wildfires in the SWHPP, all requests for SWHPP incentives under this declaration will still need to meet the

⁸ *Assigned Commissioner's and Administrative Law Judge's Ruling Approving Solar Water Heating Pilot Program*, February 15, 2007, page 2

⁹ *Solar Water Heating Pilot Program Handbook*, January 11, 2007, Section 2.1, page 4.

SWHPP timeline, i.e., incentives must be reserved by December 31, 2008. However, we respectfully request that the reservation period for systems under this declaration be extended an additional three (3) months, providing for a reservation period of six (6) months, rather than three (3) months.¹⁰ This will allow for these systems to meet the final SWHPP deadline of June 2009.

IV. CONCLUSION

CCSE respectfully requests that the Commission grant this motion and declare eligibility of all new construction for the SWHPP in order to increase participation in the Pilot Program. In the alternative, we respectfully request a declaration that new construction in the case of survivors of the October 2007 wildfires is replacement of existing natural gas or electric water heaters or boilers, allowing their participation in the SWHPP.



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¹⁰ *Solar Water Heating Pilot Program Handbook*, January 11, 2007, Section 4.2, page 14.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this *Motion of California Center for Sustainable Energy Seeking Eligibility of All New Construction under the Solar Water Heating Pilot Program* on all known parties of record in this proceeding by delivering a copy via email to the current service list.

Executed on February 28, 2008 in San Diego, CA.

A handwritten signature in black ink, appearing to read "Joseph Andrew McAllister", with a long horizontal flourish extending to the right.

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